

HEALTH SERVICES AND DEVELOPMENT AGENCY

MINUTES *

May 27, 2015

AGENCY MEMBERS PRESENT

Johnson, D. Lynn, Chair
Doolittle, Robert S., Vice-Chair
Burns, Charlotte
Byrd, Claudia
Fleming, Martin, M.D.
Flora, Mark, M.D.
Mills, Thom
Wright, James
Gaither, Keith, designee for the TennCare Director
Jordan, Lisa, designee for the Commissioner of Commerce and Insurance
Austin, Jaclyn, designee for the Comptroller of the Treasury

AGENCY MEMBERS ABSENT

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Ausbrooks, Mark Administrative Services Assistant III
Christoffersen, Jim, General Counsel
Craighead, Alecia, Statistical Analyst, III
Earhart, Phillip, HSD Examiner
Farber, Mark, Deputy Director
Finchum, Rhonda, Administrative Officer
Grimm, Jeff, HSD Examiner

COURT REPORTER

Deen, Meschelle Manley

GUESTS PRESENT

Allen, Kevin, Associate Admin, TriStar Southern Hills Medical Center
Baldwin, John, Admin Intern, TriStar Southern Hills Medical Center
Baker, Graham, Jr., Esq., Anderson and Baker
Banks, Brady, Metro City Councilman District 4
Bitten, James, M.D., TriStar Southern Hills Medical Center
Bolin, Paul Chief Financial Officer, Williamson Medical Center
Brent, Michael D., Esq., Bradley Arant Boult Cummings, LLP
Brown, Chris, CEO, Provision
Campbell, Charles, M.D., Chief of Cardiovascular Medicine, Erlanger Health Systems
Castlebury, Scott, UT Medical Center
Chapman, Alice, MP&F
Clark, Richard, CEO, Rolling Hills Hospital
Deal, Chris, Lieutenant, Rutherford County Sheriff
DuBois, Mary Lou, President, Provision
Douglas, Terry, Chairman, Provision
Eley, Caroline, Esq., Butler Snow
Elrod, Dan H., Esq., Butler Snow
Estes, Blake, Executive Director of Planning, St. Thomas Health
Evans, Tim, Vice President ASC, HCA
Felts, Ginna, Business Development, Vanderbilt University Medical Center

Fitzgerald, Bryce, Esq., Kramer Rayson LLP
 Gaffney, Lauren, Esq., Bass, Berry & Sims
 Gant, Susan, Regional VP, USPI
 Gedral, William, Ex-Director, Collins Chapel
 Gooch, Warren, Esq., Kramer and Rayson
 Hamilton, Scott, CEO, Cares Foundation
 Hill, Ron, Consultant, Vanderbilt University Medical Center
 Horton, Don, First Call Ambulance Service
 Jackson, Phillip, CEO Erlanger Health Systems
 Keyes, Jane, M.D., Erlanger Health Systems
 Kennedy, Peter, ACOO, TriStar Centennial Medical Center
 Long, Loran, AE, St. Thomas Health
 Limyansky, Bob, Partner, The Strategy House
 Matthews, Douglas, M.D., TriStar Southern Hills Medical Center
 Matthews, George, M.D., Trustpoint Hospital
 Martin, Emily, St. Thomas Health
 May, Stephen, St. Thomas Health
 Miller, Julie, Chief Operating Officer, Williamson Medical Center
 Morrissey, Robin, St. Thomas Health
 Ockerman, Jeff, Director, TDH, Division of Health Planning
 Ozburn, Thomas, CEO, TriStar Southern Hills Medical Center
 Patterson, John, VP of Development, Provision
 Phillips, W. Brantley, Esq., Bass Berry & Sims
 Pope, Greg, CMIO, St. Thomas Health
 Pouder, John, TriStar Southern Hills Medical Center
 Poland, Gary, Director, Tennessee Orthopedics
 Radel Katie, Director, TriStar Southern Hills Medical Center
 Ridgeway, Corey, Market President, United Surgical Partners
 Reed, Ann, R., RN, BSN, MBA, Director of Licensure, TDH, Division of Health Care Facilities
 Rotker, Jonathan, M.D., TriStar Southern Hills Medical Center
 Sansing, Trent, CON Director, TDH
 Schmits, Cody, Director, Vanderbilt University Medical Center
 Shamiller, Mary, St. Thomas
 Sherry, Bernie, CEO, St. Thomas West and St. Thomas Midtown
 Shipman, Jason, Radiology Alliance
 Snyders, John, Regional VP, USPI
 Staggs, Stephen, M.D., MTS, Tennessee Obstetrics & Gynecology
 Staigl, Chris, CNO, TriStar Southern Hills Medical Center
 Swearingen, Travis, Esq. Butler and Snow
 Taylor, Jerry W., Esq., Burr & Forman
 Tomlin, Richard, TriStar Southern Hills Medical Center
 Trauger, Byron R., Esq., Trauger & Tuke
 Warwick, Scott, Vice President, Provision
 Webb, Don, Williamson Medical Center
 Webb, Trent, Regional Vice President, Surgery Partners
 Wellborn, John L., Consultant, Development Support Group
 West, William H., Esq., Baker, Donelson, Bearman, Caldwell & Berkowitz
 Westgate, Richard, Director, Williamson Medical Center
 Whitehorn, Jeff, CEO, TriStar Summit Medical Center
 Wilson, Carl, St. Thomas Health
 Winick, Joseph M., Senior Vice President, Planning & Business Development, Erlanger Health System
 Woods, Jeffrey, CEO, Trustpoint Hospital

ROLLCALL TO ESTABLISH QUORUM

Mr. Johnson requested roll call to establish quorum.

PRESENT: Jordan, Mills, Flora, Gaither, Wright, Doolittle, Burns, Austin, Fleming, Byrd, Johnson
Eleven (11) members present.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, made general announcements regarding the following:

- 1) Instructions were provided for those providing testimony on the scheduled agenda items;
- 2) Number of applications scheduled for upcoming meetings – seven for June, possibly ten for August.
- 3) Meeting locations – through December meetings will be held in Room 12 at the Legislative Plaza.
- 4) There will be no meeting in the month of July.
- 5) Election of the Vice Chair will occur at the August meeting.

APPROVAL OF MINUTES

Mr. Johnson presented March 25, 2015 minutes for approval.

Mr. Mills moved for approval of the minutes as presented. Mr. Wright and Dr. Flora seconded the motion. The motion CARRIED [11-0-0]. **APPROVED by unanimous voice vote**

AYE: Jordan, Mills, Flora, Gaither, Wright, Doolittle, Burns, Austin, Fleming, Byrd, Johnson
NAY: None

STATE HEALTH PLAN UPDATE

Jeff Ockerman, Director, Division of Health Planning, Department of Health, introduced Elizabeth Jones, Assistant Director of Health Planning, who provided the following update:

1. The 2014 State Health Plan is currently with the Governor and awaiting his signature.
2. Research has begun on the NICU criteria and standards.
3. Work has begun on the Home Health Joint Annual Report.
4. The Department is nearly finished answering the Agency's questions on Intrathecal pumps.

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON Applications

Southern Hills Surgery Center - (Brentwood, Davidson County), TN - Project No. CN1411-047

Ms. Burns and Dr. Flora recused.

The relocation of Southern Hills Surgery Center from 360 Wallace Road, Nashville (Davidson County, TN 37211, to leased space in a building to be constructed at an unaddressed site in the northeast corner of the intersection of Old Hickory Boulevard and American Way, Brentwood (Davidson County), TN 37250. The estimated project cost is \$17,357,832.00

Jerry W. Taylor, Esq., addressed the Agency on behalf of the applicant. Speaking in support were: Metro City Councilman District 4 Brady Banks; Douglas Matthews, M.D.; James Eaton, M.D.; John Rotker, M.D.; and Stephen Staggs, M.D.

Speaking in opposition were: Byron Trauger, Esq. representing St. Thomas Campus Surgicare, Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare d/b/a Nashville EndoSurgery Center, Franklin Endoscopy Center, Physicians Pavilion Surgery Center; Dan H. Elrod, Esq., representing Vanderbilt University Medical Center; and William H. West, Esq., representing Williamson Medical Center.

Present in opposition were: Ginna Felts, Vanderbilt University Medical Center and Blake Estes St. Thomas Health.

Jerry W. Taylor, Esq., and Tom Ozburn, CEO TriStar Southern Hills, rebutted.

Dan Elrod, Esq., and Byron Trauger, Esq. provided opposition summation.

Jerry W. Taylor, Esq., provided applicant summation.

Mr. Mills moved for approval of the project based on: 1) Need – the previous application had already met the need, but in addition to that, it will meet the AIA guidelines for the three operating rooms and the one procedure room, and it will also help to meet the needs of their current patients, with the physician offices next door to this facility. It will also allow for additional capacity, which they have already proven exists; 2) Economic Feasibility – this is going to be taken from cash reserves to fund the project. It will also decrease their annual lease payments, which will be financially feasible as well; and 3) The project does contribute to the orderly development of adequate and effective health care. It was previously approved and is a relocation only. It will provide patient convenience, in conjunction with having access to the medical staff, office building, and the facilities next door. Ms. Jordan seconded the motion. The motion CARRIED [8-1-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Wright, Doolittle, Austin, Byrd, Johnson

NAY: Fleming

Scott Hamilton Proton Center - (Franklin, Williamson County), TN - Project No. CN1502-004

Dr. Flora left the Meeting.

Ms. Burns recused.

To establish a proton therapy center for cancer patients, acquire major medical equipment and initiate outpatient proton therapy services in a new building to be constructed at an unaddressed site containing approximately 11.6 acres located on the east side of Carothers Parkway between its intersection with Physician's Way and Williamson Medical Center in Franklin (Williamson County), TN. The estimated project cost is \$109,057,664.00.

Brant Phillips, Esq., addressed the Agency on behalf of the applicant.

Speaking in support was: Scott Hamilton, CEO, Cares Foundation.

Previously not speaking but responding to Agency member questions was: Support— Terry Douglas, M.D., Provision.

Brant Phillips, Esq., provided applicant summation.

Mr. Wright moved for approval of the project based on: 1) Need – due to the cancer rates and the cancer deaths in Tennessee, and due to the lack of this type of treatment being available in Tennessee and, in fact, the Southeast, this will provide a service to the 38-county Middle Tennessee area, as well as other areas, likely, beyond our state; 2) Economic Feasibility – The project is economically feasible has been shown to be met by the financing of tax-exempt bonds, and 3) The project does contribute to the orderly development of adequate and effective health care. The project provides proton beam therapy for the treatment of cancer in several specific areas of the body, while preventing unintended damage to surrounding tissue and at the same time, lowering the risk of secondary cancer development due to the treatments. This would benefit both the

patient and lessen the financial burden on the health care system, and it's open to all patients and pay sources. Mr. Doolittle seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Wright, Doolittle, Austin, Fleming, Byrd, Johnson
NAY: None

Chattanooga-Hamilton County Hospital d/b/a Erlanger East Hospital - (Chattanooga, Hamilton County), TN - Project No. CN1502-005

Ms. Burns recused.

Expansion of approved but unimplemented diagnostic cardiac catheterization lab services issued under CN0405-047AE to perform interventional cardiac procedures. The cardiac cath lab and equipment will be modernized and upgraded. Erlanger East Hospital is located at 1755 Gunbarrel Road, Chattanooga (Hamilton County), Tennessee 37416. The estimated project cost is \$303,000.00.

Joseph M. Winick, Sr. Vice President, addressed the Agency on behalf of the applicant. Speaking in support were: Philip Jackson, CEO, Erlanger Health Systems; Jane Keyes, M.D., Erlanger Health Systems; and Charles Campbell, M.D., Chief of Cardiovascular Medicine, Erlanger Health Systems.

Joseph M. Winick, Sr. Vice President provided applicant summation.

Mr. Doolittle moved for approval of the project based on: 1) Need – I think this is a natural extension of the cardiac procedures, in substantive numbers, done by this hospital and supported by its main facility downtown; 2) Economic Feasibility – It is financially feasible in that the investment is a low six-digit number, and I am very pleased to see that the Erlanger system seems to be doing much better financially; and 3) The project does contribute to the orderly development of adequate and effective health care because it does give, on the east side of that city, an additional service that is very complementary with the existing cardiac services provided by Erlanger East. Mr. Wright seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Wright, Doolittle, Austin, Fleming, Byrd, Johnson
NAY: None

Trustpoint Hospital, LLC - (Murfreesboro, Rutherford County), TN - Project No. CN1502-006

Ms. Burns recused.

The addition of 33 licensed beds with total beds increasing from 96 to 129 beds. Trustpoint is a general acute care hospital licensed by the Tennessee Department of Health. There will be no new construction. All bed increases will occur within existing space. The estimated project cost is \$935,000.00.

E. Graham Baker, Jr., Esq. addressed the Agency on behalf of the applicant. Speaking in support were: Jeffrey Woods, CEO, Trustpoint Hospital; Lt. Chris Deal, Rutherford County Sheriff's Department; Don Horton First Call Ambulance Center; and George Matthews, M.D., Medical Director Geriatric Care, Trustpoint Hospital.

E. Graham Baker, Jr., Esq., provided applicant summation.

Mr. Mills moved for approval of the project for the addition of 33 licensed beds, which will increase the licensed bed complement from 96 to 129 beds. The beds will be classified as follows: Adult Psychiatric Beds for ages 18-64 will increase from 31 to 59 beds; Geriatric Psychiatric Beds will increase from 28 to 36; Medical Detoxification beds will increase from 10 to 18; and Physical Rehabilitation beds will decrease from 27 to 16 beds. 1) Need – this will improve access to care. They have demonstrated that they are unable to accept the appropriate patients that present; in the last 16 months, approximately a thousand of those; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project does

contribute to the orderly development of adequate and effective health care, there are no other inpatient psychiatric services in the area, so, therefore, it will not have a negative impact on other providers. It will provide care in close proximity to where the patients reside, and Saint Thomas Rutherford, supports them for psychiatric services, especially when those patients present at Saint Thomas Rutherford. Mr. Doolittle seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Wright, Doolittle, Austin, Fleming, Byrd, Johnson
NAY: None

GENERAL COUNSEL'S REPORT

Jim Christoffersen summarized the following CON modification requests:

Chattanooga-Hamilton County Hospital Authority dba Erlanger Medical Center - (Chattanooga, Hamilton County), TN - Project No. CN1207-034A

Ms. Burns recused.

Request for a two-year extension of the expiration date from November 1, 2015 to November 1, 2017. The CON was unanimously approved in October 2012 for the renovation, upgrade, and modernization of adult operating rooms to include the addition of 4 new operating rooms. The estimated project cost was \$21,725,467.00.

Joseph M. Winick, Senior Vice President, Planning & Business Development, addressed the Agency on behalf of the applicant.

Mr. Doolittle moved for approval of the project for a two-year extension of the expiration date from November 1, 2015 to November 1, 2017. Ms. Jordan seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Wright, Doolittle, Austin, Fleming, Byrd, Johnson
NAY: None

McKendree Village - (Hermitage, Davidson County), TN - Project No. CN1202-010AE

Request for a 16-month extension of the expiration date from August 1, 2015 to December 31, 2016. This will be the 2nd extension of the expiration date. Both this project and McKendree Village, CN1303-007A, were undertaken as a single construction project. The project was originally approved in May 2012 with an estimated cost of \$1,303,000.

Byron R. Trauger, Esq., addressed the Agency on behalf of the applicant.

Ms. Jordan moved for approval of the project for a 16-month extension of the expiration date from August 1, 2015 to December 31, 2016. Mr. Mills seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Wright, Doolittle, Burns, Austin, Fleming, Byrd, Johnson
NAY: None

McKendree Village - (Hermitage, Davidson County), TN - Project No. CN1303-007A

Request for a 16-month extension of the expiration date from August 1, 2015 to December 31, 2016. Both this project and McKendree Village, CN1202-10A, were undertaken as a single construction project. This is a 1st extension request. The project originally approved in June 2013 with an estimated cost of \$3,808,150.

Byron R. Trauger, Esq., addressed the Agency on behalf of the applicant.

Ms. Jordan moved for approval of the project for a 16-month extension of the expiration date from August 1, 2015 to December 31, 2016. Mr. Doolittle and Dr. Fleming seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Wright, Doolittle, Burns, Austin, Fleming, Byrd, Johnson
NAY: None

Tennessee Orthopedic Alliance, P.A. - (Nashville, Davidson County), TN - Project No. CN1302-004A

Request for a one-year extension of the expiration date from August 1, 2015 to August 1, 2016 and a change in the address on the certificate from 3000 Charlotte Avenue to 6 City Blvd. This is a change in the address but not a change of site. This is a first extension request. The project was originally approved in May 2013 with an estimated cost of \$2,418,133

Jerry W. Taylor, Esq., addressed the Agency on behalf of the applicant.

Mr. Wright moved for approval of the project for a one-year extension of the expiration date from August 1, 2015 to August 1, 2016 and a change in the address on the certificate from 3000 Charlotte Avenue to 6 City Blvd. Mr. Mills seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Wright, Doolittle, Burns, Austin, Fleming, Byrd, Johnson
NAY: None

Collins Chapel Health & Rehabilitation Center-(Memphis, Shelby County), TN - Project No. CN1202-011AE

Request for an 18-month extension of the expiration date from August 1, 2015 to February 1, 2017. This will be the 2nd extension of the expiration date. The project was originally approved in June 2012 with an estimated cost of \$1,626,331.

William H. West, Esq., addressed the Agency on behalf of the applicant.

Mr. Doolittle moved for approval of the project for an 18-month extension of the expiration date from August 1, 2015 to February 1, 2017. Ms. Jordan seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

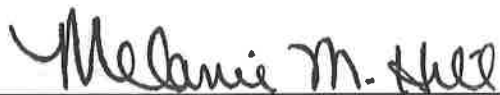
AYE: Jordan, Mills, Gaither, Wright, Doolittle, Burns, Austin, Fleming, Byrd, Johnson
NAY: None

CONTESTED CASES UPDATE

Mr. Christoffersen provided an update on contested cases.

ADJOURNMENT

There being no further business, the meeting adjourned.



Melanie M. Hill, Executive Director

* Minutes provide only a brief staff summary of the meeting and are not intended to be an all-inclusive report. The HSDA maintains a detailed record of each meeting (recording and transcript) that is available upon request by contacting the HSDA office at 615-7412364.

